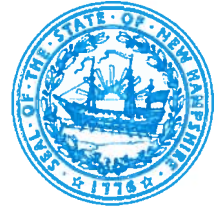




The State of New Hampshire  
**Department of Environmental Services**



**Clark B. Freise, Assistant Commissioner**

March 22, 2017

The Honorable Richard Barry  
Chair, House Science, Technology, and Energy Committee  
Legislative Office Building, Room 304  
Concord, New Hampshire 03301

**Re: SB123, An Act establishing a commission to study a carbon reduction investment program for New Hampshire**

Dear Chair Barry and Members of the Committee:

Thank you for the opportunity to testify on SB123. This bill would establish a commission to study a carbon reduction investment program for New Hampshire. The New Hampshire Department of Environmental Services (NHDES) takes no position on this bill, but stands ready to support such a commission if convened.

A carbon reduction investment program with a carbon reduction charge could remove a significant obstacle to adoption of clean energy sources and energy efficiency measures in New Hampshire. Currently, market prices of coal, oil, and gas do not include the cost that carbon pollution has on the environment and public health. A carbon charge would incorporate the costs associated with carbon pollution into the price of fossil fuels, thereby encouraging transition to alternative energy sources and reducing greenhouse gas emissions. Such a charge could give energy producers and consumers a strong incentive to increase their energy efficiency and to shift from fossil fuels to clean energy.

A carbon reduction investment program could also assist the state with achieving the goals of the New Hampshire Climate Action Plan. This plan, finalized in 2009, was developed by a diverse and bipartisan task force with representatives from businesses, the energy sector, non-profits, academia, and state and local government. The plan includes 67 recommendations that would, if implemented, reduce the amount of fossil fuels imported into the state, support local economic development, and improve the health of citizens and the environment.

The commission created by SB123 would be able to make recommendations for a program design that would best suit New Hampshire's needs. Carbon reduction investment programs can be designed to be revenue neutral, with the funds returning to the public and businesses via rebates, or revenue positive, with numerous options to allocate the revenue, from reducing taxes, to assisting low income residents, to investing in lower carbon energy resources.

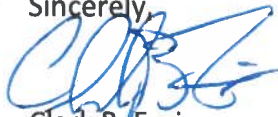
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The Regional Greenhouse Gas Initiative (RGGI) is an example of a market-based carbon-reduction program that allows the market to set a carbon price for the electricity sector. In New Hampshire, the revenues raised by the program are rebated directly to ratepayers and used to fund energy efficiency programs, which help to maintain lower electric rates.

The changes in energy consumption promoted by a well-designed carbon reduction program, as seen with the RGGI program, could have a direct, positive impact on public health, the quality of our natural environment, and the economic vitality of the state. Reducing fossil-fuel energy demand leads to lower emissions of smog-forming compounds and particle pollution that impact health, mercury emissions that poison our lakes and streams, and greenhouse gas emissions that contribute to climate change. As New Hampshire imports nearly 90 percent of its energy from out of state and the majority of that is fossil fuel-based, a reduction in fossil fuel energy consumption would also reduce the dollars exported and retain them in the state's economy.

Thank you again for the opportunity to comment on SB123. Should you have further questions or need additional information, please feel free to contact either Craig Wright, Director of the Air Resources Division (271-1108, [craig.wright@des.nh.gov](mailto:craig.wright@des.nh.gov)) or Micahel Fitzgerald, Assistant Director of the Air Resources Division (271-6390, [michael.fitzgerald@des.nh.gov](mailto:michael.fitzgerald@des.nh.gov)).

Sincerely,



Clark B. Freise

Assistant Commissioner

cc: Sponsors SB123: Senators Fuller Clark, Watters; Representatives Shepardson, Backus, Lovejoy, Oxenham